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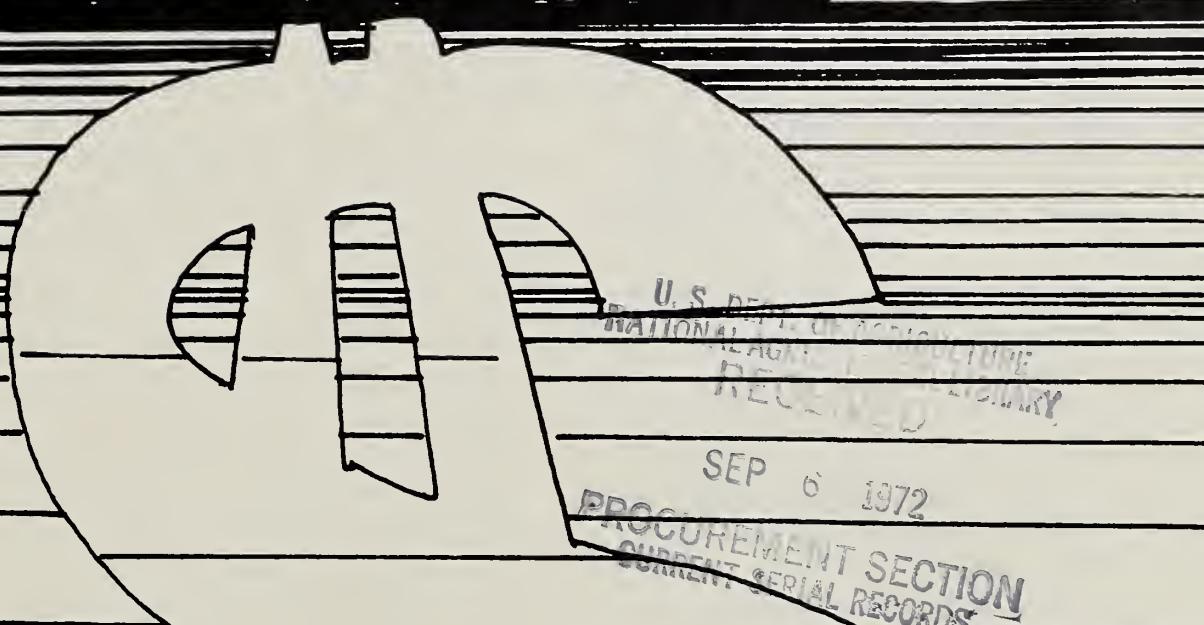
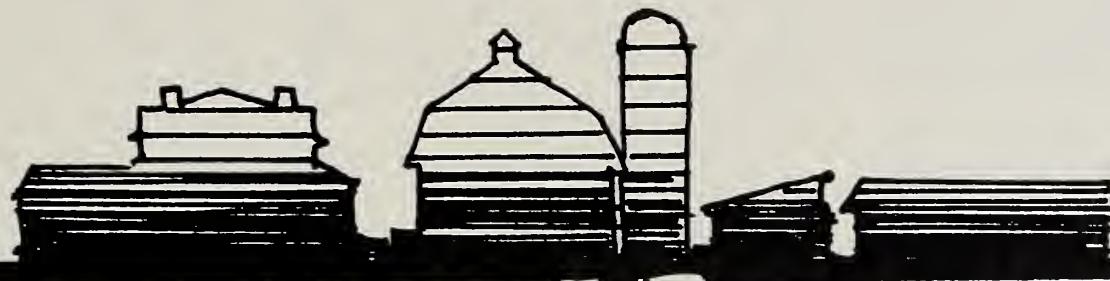
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THE FARM INDEX

U.S. Department of Agriculture/April 1972

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Outlook

Farmers will use more credit than a year earlier. That's probably one of safest predictions you can venture about American agriculture.

"The records show that farm debt has increased every year since 1946," one economist reported at the recent National Agricultural Outlook Conference.

". . . But the big difference is, in 1972 we will have **credit use** of \$95 billion (as opposed to \$65.5 billion outstanding as of January 1, 1972). This compares with about \$52 billion used in 1965, with the \$95 billion debt being shouldered by 500,000 fewer farm operators farming 30 million fewer acres of land than in 1965."

That \$95 billion is the equivalent of—

- Two-fifths of the entire Federal budget for fiscal 1972.
- Four-fifths of the total Federal personal and corporate income taxes due for 1972.
- One-fifth more than the Federal defense budget for 1972.

The interest bill on a \$95-billion line of credit will run in the neighborhood of \$4.1 billion. In 1971 it was about \$3.8 billion. Interest, incidentally, takes a lion's bite of total expenses to operate the Nation's farms—around 11 percent in recent years.

Interest rates themselves will probably change little from last summer's levels. On farm mortgage loans, this means 7 to 8 percent and maybe a shade higher.

As such, economists don't anticipate a great boom in long-term borrowing. And, some farms already deep in debt could see their profits pinched if they decide to go into the land market at these historically high rates of interest.

Consider the hypothetical case of a farmer who gets an 80-percent loan to buy farmland at \$500 an acre. Terms: 30 years at 7½ percent. His annual cash interest expense pencils out to around \$30 an acre for the first several years. To make interest payments alone, forgetting about repaying the principal, it would cost this man about 25 bushels of corn per acre (at current prices), or 10 bushels of soybeans, or 100 pounds of lint cotton.

(See story on page 8 for details on farm lending prospects.)

The price picture for wheat is mixed. In its latest issue of the *Wheat Situation*, ERS reports the price of winter wheat may average 3¢ per bushel above last season's \$1.33 but spring wheat prices are seen 17¢ below the \$1.47 of a year earlier.

For all wheat, farm prices in 1971/72 are likely to average \$1.32 per bushel, 1 cent lower than in 1970/71. However, growers participating in the 1971 wheat program will receive around \$1.86, including the value of domestic certificates. Larger marketings in 1971/72 and higher certificate payments will push the gross farm value of wheat to \$2.2 billion—19 percent more than in 1970/71.

The record 1971 wheat harvest will continue to dominate the outlook for the rest of the marketing year which ends June 30.

Output in 1971/72 came to 1,640 million bushels. This, combined with the previous season's carryover (730 million bushels), brings total supply to 2,371 million, largest in 9 years. Domestic disappearance is likely to rise to around 825 million bushels, compared with 787 million in 1970/71, but exports will drop. They're projected at 575 million bushels, down from the 739 million of a year earlier. This assumes no further prolonged tie-up at the ports.

Subtracting total disappearance (about 1,400 million bushels) from the 1971/72 supply leaves a carryover next July 1 of approximately 970 million. This would be a third more than in 1970/71 and the biggest carryover since 1964.

Better days ahead for poultrymen? The signs point in this direction. Throughout 1972, say ERS economists, poultry and egg prices will be boosted by stronger demand resulting from (1) higher after-tax incomes of consumers, (2) smaller pork supplies this year, and (3) high prices for competing red meats.

Producers can also look forward to lower feed prices than a year earlier, at least in the first half of '72. Feed

costs typically make up about half the total production bill for eggs, and around two-thirds for broilers and turkeys.

Egg production, at 200 million cases in 1971, broke all records. This year's output will be down slightly, which will help strengthen prices. They're expected to average moderately above the 31¢ per dozen of last year—lowest since the early 1940's.

Broiler production will probably expand slightly in '72 following a year of little change. The number of young chickens (mostly broilers) slaughtered in Federally inspected plants totaled 2.8 billion in 1971. This year's increase may be more in line with the trend of the past decade, when output grew nearly 5 percent a year.

Broiler prices gained sharply in early 1972, and for the remainder of the year will likely average "moderately above" the 1971 level of 27¢ per pound (wholesale average for nine cities).

The story is much the same for turkeys. Growers in the 20 main turkey States plan to raise about 117 million birds in '72—1 percent more than in '71. But prices are projected somewhat higher than 1971's average of 22¢ per pound, again due to reduced pork supplies and increased consumer incomes.

For the dairy industry, the 1972 situation looks to be a repeat of last year's. Milk production, probably a bit higher than 1971's 119 billion pounds, will again be spurred by a good supply of herd replacements, record-high milk prices, and a favorable labor situation. Also, costs of dairy grain and concentrates have been dropping. Other input costs may be kept down by Phase II controls.

Farmers' milk prices will rise only slightly from last year's average of \$5.86 per 100 pounds. This assumes no change in price supports or Federal order pricing. In the first quarter, higher supports than a year earlier lifted farmers' prices about 3 percent. Prices of manufacturing grade milk in the second and third quarters are likely to ride the support levels.

Cash receipts from dairying are

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projected at \$7 billion, up from 1971's \$6.8 billion. Most of the increase will reflect bigger marketings of milk and cream.

Prospects for dairy sales: increases for most of the products that gained in '71, especially lowfat milk, cheese, cottage cheese, nonfat dry milk, and dry whey. Declines are apt to continue for butter, fluid whole milk, cream mixtures, and canned milk.

On balance, the market for milk in all uses will probably change little. More production without a corresponding sales gain spells a likelihood that CCC will buy more dairy products this year to support dairy prices.

Foreign Spotlight: Wheat for Russia. In late February came an unexpected announcement from the Canadian Wheat Board. It had made another big wheat sale to the Soviet Union—this time for 3.5 million tons with an option to buy an additional 1.5 million. The wheat is reported to be No. 1 and No. 2 Canada Western Red Spring. Average f.o.b. price is around \$66 per ton, cash on delivery.

Several factors would suggest the purchase has to do with crop prospects. For one thing, Soviet press reports in February indicated severe weather has resulted in heavy winter-kill of fall-sown grains.

Secondly, the purchase calls for an abnormally long lead time (4 months) before deliveries are to start. Finally, the optional quantity called for is almost half as large as the firm commitment, suggesting an unusual amount of uncertainty concerning actual import requirements.

Nonetheless, "the purchase is surprising," ERS specialists said in their analysis of the situation. "We judge that Soviet stocks are sufficient to offset very large losses . . . We estimate that net additions to wheat stocks between 1963 and 1970 amounted to some 30-40 million tons.

"Furthermore, the USSR purchased only 230,000 tons of foreign wheat in 1969, despite the fact that Soviet winter grain that year suffered the heaviest winterkill of the decade." In 1969, about a third of the winter grain area had to be reseeded.

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peanut profile



An important crop in 16 States, peanuts have made such gains in yield—up 120 percent in the past 15 years—that production is increasing twice as fast as demand.

To 84,000 farmers in the U.S., peanuts are a preferred crop.

Last year, production hit a record 3 billion pounds, double that of the mid-1950's, and value reached \$406 million, more than three times the 1954 level.

Peanuts are a product of America's Peanut Belt—16 southern States from Virginia to California. In all these producing areas, peanuts provide substantially higher net returns

than the next most profitable crop.

Important though it is to farmers, production has been increasing twice as fast as demand since the mid-fifties. Farm prices are near U.S. support levels, and CCC has acquired large stocks of peanuts under the price support program.

Peanut production is regulated by Federal acreage controls. Since 1956 the annual allotment has been 1.61 million acres, the legal minimum.

In addition, peanut growers have a marketing quota. For this year's crop it's 1.63 million tons. (Producers voted last December to continue marketing quotas for the next 3 years.)

The law requires peanut price support at 75-90 percent of parity when marketing quotas are in effect.

With the stimulus of the Government program and higher prices to growers (due to rising mandatory support prices), technological advances have been rapid in peanut production.

Yield was a record 2,045 pounds per acre last year—up 120 percent from 1955.

This has come about through use of fertilizer, herbicides, pesticides, and higher yielding varieties, and through closer plantings and closer rows, irrigation, and wider use of mechanical harvesters and dryers. In

addition, due to the combining of allotments within counties, the average size of allotment farms has grown from 14 acres to 19. This has also tended to boost peanut yields.

Based on present technology, yields could continue to climb. If so, and if harvested acreage remains at 1.5 million, peanut output by 1980 would be around 3.8 billion pounds, a fourth above 1971.

Efforts to control peanut production began with the 1934 crop, and a price support program for peanuts has continued since then with the exception of the 1936 crop. Voluntary acreage control programs were tried but were considered unsatisfactory.

With peanut production increasing at an annual rate of 6 percent from 1955-70 and edible use increasing at an average rate of 3 percent, prices have been near the support rate and the surplus peanuts have been acquired by CCC under the price support program.

CCC diverts these peanuts from the edible market, at prices well below acquisition cost, into crushing and export channels. About three-fourths of the total U.S. crush last season came from CCC inventories. The remainder came from low-quality peanuts obtained in the shelling operation.

CCC will probably divert more than a third of the 1971 crop. This is in contrast to the early 1960's, when CCC diversions were less than 20 percent, and commercial edible uses comprised more than 80 percent of the crop. CCC diversions are expected to continue to be heavy as production exceeds prospective increases in edible uses.

Government costs of supporting peanut prices have climbed in recent years as a result of the rising mandatory support prices along with increased acquisitions under the program. Net costs were \$13 million in 1961 and \$66 million for the 1970 crop. Cost estimates in supporting 1971's peanut crop range from \$80 million to \$90 million. On a per pound basis, CCC losses average 6¢ to 7¢, about half the support price.

In the absence of program modifications, Government costs in carrying out peanut price supports will continue to rise.

Looking at the possibilities for increased demand in the future, the focus is on edible uses. They, in turn, will depend on such factors as population growth, peanut prices, and the peanut industry's programs in product development, product quality, and merchandising and promotion.

Right now, growth in edible use of peanuts is slackening, probably due to higher peanut prices and efforts by consumers to economize on their food expenses. Aggregate gain is expected to continue, but the annual rate of gain may not match the past 20 years' 3 percent.

Significant increases will be harder to achieve because of higher market prices for peanuts and strong competition from other products, especially those in the fast-growing snack food market. To share in this expanding market, peanuts must be competitively priced, and the industry must strengthen its

programs for new product development and promotion.

Of all edible uses, peanut butter is the most popular and the fastest-growing. It takes half of the peanuts going into edible uses and has increased 80 percent since the early 1950's to 700 million pounds a year (farmers' stock basis). Most peanut butter is made from Runners and Spanish peanuts.

Salted nuts (Virginia and Spanish peanuts) account for a fourth of the edible market for peanuts; candy for a fifth; and roasted nuts in the shell, less than a tenth.

While some of the best quality CCC surplus peanuts are exported, most CCC stocks are crushed to make peanut oil and meal.

Peanut oil is of excellent quality and commands a premium price as a cooking and salad oil. Use nearly tripled during the 1960's.

Peanut cake and meal, the other products from crushing, are used as high-protein feeds in livestock rations. Their use has increased steadily from 54,000 tons in 1961 to a record 163,000 tons in 1970. (1)

Animal Waste Problems: Why They Persist

Solving water pollution problems caused by animal wastes can involve a lot of money, but that's not all.

A team of ERS economists who reviewed the situation on family farms in Illinois and Michigan turned up a number of impediments to pollution abatement on livestock farms.

These farms are family-size operations, defined as using not over 1.5 man-years of hired labor. They predominate in the two-State area. Farms of this size also figure importantly in the national picture, for they account for more than half of all sales of livestock products.

The dollars-and-cents question is especially crucial when it comes to better animal waste management on small farms.

True, no matter what the size of the operation, most of the waste management systems require high

Fans' Favorite

Maybe they've never made it into baseball's Hall of Fame, but peanuts have a pretty good batting average in the stands.

Last year, Americans ate about 114 million pounds of roasted peanuts (in the shell), mostly at such sports events as baseball, football, and basketball. County and State fairs, circuses, and zoos also figure high in roasted in-shell peanut sales.

In total, it takes about 55,000 acres to produce enough peanuts to live up to the expectations of fans. Based on the national average allotment of 19 acres per peanut grower, this means about 3,000 farmers go to bat to meet demand for bags of peanuts.

Since the days of Stan Musial 20 years ago, there's not been much change in the amount of peanuts in the shell that each person eats—about half a pound a year. Total consumption, however, has doubled since 1950.

initial outlays. But the smaller the farm, the greater the cost per unit of livestock handled. In many instances the per-unit costs of the newer systems are prohibitive to small-volume livestock producers.

Some producers, assuming they can afford the investment, haven't done more to upgrade disposal practices for reasons of uncertainty. These men aren't convinced the control measures will in fact achieve what they're supposed to. (Actually, the effectiveness is sometimes unknown, even by the technicians; only continued research and educational programs can remedy this problem.)

Secondly, many producers are unsure just how much improvement in environmental quality the public will eventually demand. They're reluctant to spend money on facilities that may not satisfy regulations yet to be specified.

Another problem is the lack of economic incentive.

In this respect agricultural firms differ from many manufacturing firms. The latter have greater control over supplies, and in a short time span can pass the added costs of pollution abatement on to the consumer.

In the case of an individual livestock producer, any adjustments he makes in his operation do not appreciably affect the total supply, hence price, of livestock products. The livestock firm, if confronted with a legal requirement to install costly pollution control devices, can go out of business, or else absorb the cost increase in the form of a lower net income.

Long run adjustments in supply from the industry as a whole determine whether the producer eventually recaptures any of these costs. Frequently, however, the installation of pollution control facilities is an incentive to change the whole system of livestock production. It usually results in an increase in size of operation.

Another impediment has to do with the age and tenancy status of many farmers. As a group, farmers

Farm Machinery, U.S.A.

In the window is the Hart-Parr, the first commercially produced tractor, hailing from Iowa in the early 1900's.

Inside, in the center of the room, is a combine that took 20 horses to pull it in the late 1880's.

And across from it is "Old Red," now 30 years old, and one of the first mechanical cotton pickers. Today Old Red's descendants pick almost all the cotton in the U.S.

The place is the Smithsonian Institution's National Museum of History and Technology in Washington, D. C.

Both in the Farm Machinery Hall and in the section on the "Growth of the United States," historic pieces of equipment trace the development of agriculture in the U.S.

There's a small model, built by Eli Whitney, of a cotton gin. There are plows dating back to 1740, including one made by John Deere himself; harrows and planters and reapers and a flax brake; an extensive barbed wire collection; and a "working" exhibit—a beehive furnished by USDA.

Just about all the machinery and equipment has been used and later donated to the museum to take their places in the Nation's history.

But in the Smithsonian's profile of American agriculture, there are always a few missing pieces.

For instance, the curator is looking for a wooden prairie sod-buster, the type used before the 1840's in the eastern prairie . . . a lister plow, popular in the 1930's to control erosion on the Plains . . . a corn picker, preferably an early one . . . and a steam tractor (not too big and in good condition).

With almost nothing showing the evolution of poultry husbandry, the Smithsonian staff is especially interested in an old trap nest, invented in 1898. (3)

years or over.) Pollution abatement requires long-term investments that only increase costs in the short run.

The situation is further aggravated by the large proportion of farmers who are full tenants or part owners. Over half of Illinois farmers are in this category.

Landlords generally must make the permanent farm improvements such as waste management systems. And much like the farmers, the landlords tend to be older persons and many are elderly widows. These people generally are reluctant to sink money in any long term project, and especially so for those that produce no income.

Family farms producing livestock differ greatly in combination of enterprises, type of soil, slope of the land, proximity to streams, etc. Farmers often don't have the know-how to reduce pollution under varying conditions without professional help.

Technical assistance for animal waste problems is available through the Soil Conservation Service, the Environmental Protection Agency, and through State agencies in some places. But the call for these services exceeds the supply of technicians. The shortage will grow more acute as more producers attempt to comply with environmental control regulations. (2)

Feedlots Swell in Size, Shrink in Number

Growth in the fed cattle business held few surprises last year, as the trend toward fewer but larger feedlots continued.

Feedlots in the 23 major feeding States numbered 168,843 in 1971—down from 183,517 a year earlier. Biggest losers were feeding operations with capacities below 1,000 head. Their numbers shrank 8 percent to roughly 166,600 last year.

Meantime, feedlots with over 1,000 head capacity increased from 2,162 to 2,204. Eleven of the additional feedlots had capacities exceeding 16,000 head.

Together, the 23 States marketed

are predominantly middle age and many are interested in immediate income. (In Illinois, the average age is 50, with 25 percent between 55 and 64 years, and 13 percent 65

25.3 million fed cattle during 1971, 2 percent more than in 1970. Feedlot operations with over 1,000 head capacity accounted for 58 percent of the total, compared with 55 percent the year before.

Among individual States, Iowa ranked No. 1 in fed cattle marketed—over 4 million head during 1971. Iowa also led the Nation in number of feedlots, though they were predominantly small. Of nearly 39,000 feeding operations, only 170 had capacities exceeding 1,000 head. None reported facilities for more than 16,000.

Texas, on the other hand, had 51 feeding operations with 16,000-plus capacities. And while the entire State had only some 1,500 feedlots, Texas last year ranked third behind Iowa and Nebraska in fed cattle marketings. (6)

Profit Makers—Cotton Vs. Alternative Crops

With high cotton production costs on many farms, cotton farmers might wonder if they'd be better off planting alternative crops that carry less risk, require less labor, and may yield higher profits.

ERS took a close look at the profitability of cotton in relation to other crops grown in seven cotton-producing areas in the South Central U.S.

Given certain assumptions on yields, prices, inputs, etc., only two regions—Mississippi's Delta and Brown Loam areas—showed more profit from cotton than soybeans, excluding Government payments.

Soybeans were more profitable in Northeast Arkansas, and particularly in the Mississippi Clay Hills and Black Belt regions and the Coastal Prairie of Texas.

Of the other crops considered—sorghum, wheat, and corn—only grain sorghum in Texas' Coastal Prairie and Black Prairie regions closely competed with either cotton or soybeans. Rice and sugar beets had bigger profits than any of the alternatives, but these crops are sub-

ject to marketing quotas, so expansion is limited.

Profit potentials of cotton and alternative crops are affected by several factors, including market prices, yields, and input costs. The impact of these factors on cotton and soybeans in the Delta is shown in the table below.

Per acre cotton yields of 720, 650 and 560 pounds, produced at a variable cost of \$121.84 per acre, are compared with an acre of soybeans yielding 25 bushels at a cost of \$23.62.

In the first set of assumptions, cotton seed is sold for \$52 a ton, and labor is hired at \$1.50 per hour. The break-even price for cotton, or price at which net returns per acre match returns to an acre of soybeans, is figured for soybean prices of \$2.60, \$2.80 and \$3.00 per bushel.

The table indicates that when cotton yields 650 pounds and soybeans bring \$2.80 per bushel, cotton would be more profitable than soybeans at any price over 21.7¢ per pound of lint. But if the cotton yield

shrinks to 560 pounds per acre—the 1969 average—lint prices would have to surpass 25.9¢ per pound for cotton to remain the more profitable crop.

Break-even prices for cotton are also calculated for labor costs of \$2 and \$2.50 per hour, and cotton seed prices at \$48 per ton. (5)

Growth in Farm Costs Seen Tapering in '72

U.S. farm production expenditures won't rise as fast this year as in 1971, when they increased 5 percent to \$42.9 billion.

In its annual report, *The Farm Cost Situation*, ERS estimates expenditures will advance around 3 percent, bringing the 1972 tally to \$44.4 billion. Nonetheless, this is the highest ever and more than double the 1950 figure.

The slower rise in prospect this year is based on larger feed supplies at lower prices, more acreage held out of production, and Phase II controls, which will tend to temper price

BREAK-EVEN PRICES: COTTON VS. SOYBEANS

Soybean price per bushel	Cotton yield per acre Mississippi Delta loam soils		
	720	650 (Pounds)	560
<i>Break-even prices (cents per lb. of lint)¹</i>			
Cotton seed at \$52 per ton, labor at \$1.50 per hour			
2.60	18.5	21.0	25.0
2.80	19.2	21.7	25.9
3.00	19.9	22.5	26.8
Cotton seed at \$48 per ton, labor at \$1.50 per hour			
2.60	18.8	21.3	25.3
2.80	19.5	22.0	26.2
3.00	20.2	22.8	27.1
Labor at \$2.00 per hour, cotton seed at \$52 per ton			
2.60	19.0	21.4	25.6
2.80	19.7	22.2	26.5
3.00	20.4	23.0	27.4
Labor at \$2.50 per hour, cotton seed at \$52 per ton			
2.60	19.5	22.0	26.3
2.80	20.2	22.8	27.2
3.00	20.9	23.5	28.1

¹ Soybean yield of 25 bushels and total variable cost per acre of 23.62. Total variable cost per acre of cotton is 121.84. Break-even price for cotton is determined by adding the return over variable cost for soybeans and the total variable cost for cotton, subtracting the value of the cotton seed sold and dividing by the yield per acre of cotton (1971 prices).

gains for most inputs of nonfarm origin.

Of all major expense items, purchased feed is the largest, with nearly a fifth of the total. The value of last year's feed purchases was up 7 percent from 1970's \$7.1 billion. The rate of increase may taper somewhat in '72, reflecting lower prices for the bumper feed grain crop of 1971.

Total use of concentrates is likely to run 7 to 8 million tons above the 187 million in the 1970/71 feeding year. With more grain being fed, demand for protein feed will also strengthen. Soybean meal, the traditional protein feed, continues in tight supply and livestock producers may need to draw more heavily on other sources.

Expenditures for purchased livestock, accounting for about a tenth of all spending, rose 5 percent in 1971 from 1970's \$4.3 billion. The increase was slightly less than the 1966-70 annual average, the result of higher livestock prices in 1971 and fewer animals bought.

This year, however, the abundant feed supplies at lower prices will spur greater demand for replacement livestock of all types. Prices of most of these animals will be up. Consequently, total expenditures in 1972 will probably increase at a steeper rate than in '71.

The expenditure for hired farm labor was \$3.4 billion in 1970, and rose less than 2 percent in 1971. The average composite wage rate was \$1.48 an hour for workers employed on other than a piece rate basis.

The labor bill in 1972 may climb faster than a year ago. This depends on: whether the Fair Labor Standards Act is amended to increase the minimum wage of covered agricultural workers; what happens to unemployment levels in the general economy; and the pace of mechanization in agriculture.

Advances in seed expenditures may be smaller than in 1971, when they were \$1.8 billion. Stocks of most seeds are generally more plentiful this year, and seed corn prices

are expected to stabilize.

In brief, the outlook for other major items—

Slower increases are in view for expenditures on pesticides, fertilizers, petroleum fuel and oils, and insurance.

Total interest payments, on both real estate and nonreal estate debts, will expand as farmers take advantage of lower interest rates and greater availability of funds.

Easier credit and some pent-up demand may also boost spending on farm machinery.

Farm property taxes are likely to rise further in 1972 in line with growing revenue needs of State and local governments.

Market values of farmland will drift higher because of bigger farm incomes, increased credit availability and a good demand for land for urban and recreational uses. (7)

Farm Lenders Can Bank on Busy Year

Like most businessmen, farmers will use more credit in 1972. Farmers as a group are expected to drive up outstanding farm debt to \$67.6 billion by year's end, \$4.2 billion more than the total last January 1 and nearly 3 times the debt load in 1960.

Three factors will heavily influence the increased loan demand:

*The prospect of higher farm incomes than last year;

*The lowest interest rates in 2 years; and

*An easier money situation, as the economy picks up momentum.

Volume of farm lending will expand for both real estate and nonreal estate loans. Farm real estate debt is projected to rise \$1.4 billion to \$32.1 billion by January 1, 1973, and non-real estate by \$2.8 billion to \$35.5 billion.

Percentagewise, growth in nonreal estate debt will be less than in 1971. Last year's sharp rise was caused by accelerated purchases of new farm machinery and other inputs at advancing retail prices. Also,

farmers used short-term (non-real estate) credit when possible, as they were reluctant to make long-term credit commitments at prevailing high interest rates.

With lower interest charges this year—1½-2 percentage points under the 1970 peaks—demand for long-term loans will pick up. Moreover, many farmers will seek long-term loans to refinance short-term commitments made when interest rates were higher. This shift began late last year. Further slackening of interest rates, and reports that lenders have sufficient funds for long-term loans, should step up activity in farmland sales.

Traditional lenders are expected to have adequate funds to meet most acceptable loan requests. Rural commercial banks will continue to supply most short- and intermediate-term loans.

Production credit associations will probably maintain their annual 15-17-percent increases in loan volume. The Farmers Home Administration might expand its lending if provisions are made allowing FHA to insure operating loans in addition to farm real estate loans.

Federal land banks, as well as making more loans, are expected to loan more per farm. Recent legislation permits them to loan up to 85 percent of assessed farmland value—up from the previous 65-percent ceiling. And life insurance companies, with minimal farm lending in the past few years, will invest more heavily in farm mortgage loans.

Except in some depressed areas, farmers should be capable of handling the 1972 debt service charges. Possible exceptions are potato and large poultry producers, who may continue to have problems meeting debt obligations.

Foreclosures on farm real estate mortgages during 1971 were insignificant compared with the total outstanding debt situation. The average size of loan foreclosed, however, was larger than the average size of loan outstanding or new loan made during the year. (4)



POPULATION TURNAROUND IN THE RURAL SOUTH

Outmigration continues in the rural South but the tide has been turning in recent years and the potential to retain the present population has improved.

When the wave of migration from rural America built to a crest in the 1950's, rural counties of the South were the biggest losers of all.

Between 1950 and 1960, they had a net outmigration of more than 4 million—considering people who moved into the region as well as those who moved out. So great was the drain that it about offset the natural increase in the South's rural populace.

Then in the 1960's, at the height of public concern over the region's outmigration, population trends took some unexpected turns. The rural South after 1960 was not being depopulated to the extent many people believed—a fact which only came to light in the 1970 Population Census.

The census showed that the South's nonmetropolitan population actually grew nearly 6 percent during 1960-70. Most southern States had nonmetropolitan population

gains of between 1 and 9 percent.

More significantly, the net outmigration from the rural South had waned to 1.5 million in 1960-70, a decline of over 60 percent from the 1950's. Total outmigration in the rest of the Nation's rural areas did not slow as much.

Many southern counties even reversed their population flow in the sixties. They had a collective increase of tens of thousands of new residents.

The Ozark-Ouachita region was the most dramatic example of population turnaround—embracing the northwestern half of Arkansas and the eastern fourth of Oklahoma. After losing 231,000 people in the 1950's through outmigration, and declining in population by 117,000, this region recovered all of the decline in the 1960's. It not only retained the equivalent of its natural increase in population, but it also attracted a net of 83,000 new residents.

The turnaround happened for several reasons, including a spurt in manufacturing employment and construction of large reservoirs that led to recreation and retirement developments.

The lower Tennessee Valley was another place that reversed the tide of outmigration during the sixties. There, the main stimulus appears to have been the arrival of industry jobs.

Some parts of the rural South did not do as well. Several areas continued to have population drains in the 1960's.

In the Southern Appalachian Coal Fields, population fell about 16 percent after a 19-percent loss in the 1960's. But outmigration dropped from around 476,000 in the fifties to 267,000 in the sixties.

In the Mississippi Delta, population actually dipped more in the 1960's (by 9 percent) than in the previous decade (under 8 percent).

The situation looks different when outmigration is expressed as a percentage of the population, however. The outmigration rate dropped from 31 percent of the population in the 1950's to 26 percent in the 1960's. The reason for the higher population loss was the falling birth rate. In the 1960's the excess of births over deaths diminished by a third, and thus did not offset as much outmigration as before.

The story was much the same in

the tobacco areas of the Carolina Coastal Plain, where population gained 4 percent in the fifties but lost .5 percent in the sixties. Outmigration, however, declined by a fourth.

The ERS demographer who re-

Rural Renewal

Back in the early sixties, Southwest City, Mo., was a community headed nowhere. Only the largest farms surrounding the small town of 500 people were making a go of it. Land prices ranged \$50 to \$100 an acre. Unemployment hovered around 6 percent, and 25 homes within the city limits stood empty.

According to Southwest City's mayor, Bob Nichols, "Just about everything was in need of repair—our streets, water system . . . there was no industry . . . few recreational facilities, and the schools were inadequate. Our purpose for existing as a community was in question."

About that time, the University of Missouri Extension Service dispatched a community development specialist to the Southwest City area. Besides uniting Southwest City residents to push for progress, the specialist introduced the community to a host of government agencies and services that provide rural development assistance.

The town's first break was a grant for a sewer system from the Department of Commerce under its accelerated public works program. Mayor Nichols claims that without the assistance of the Extension Service, the town probably would never have known or benefited from this and other programs.

Along with its completely new sewer system, Southwest City today boasts new schools, and three industries employing 325 people with a combined payroll exceeding \$1 million. Land sells for \$100 to \$300 an acre.

Bank deposits in Southwest City more than doubled over a 5-year stretch, and unemployment has been reduced. Other accomplishments include a new park and flood control dam, 20 new homes, and a 28-unit housing project for the elderly. (13)

ported these observations also noted that the counties with the most outmigration and population declines had certain traits in common.

The likelihood of outmigration and shrinking populations was high when a county had at least a third of its workers engaged in industries of decreasing employment—agriculture, mining, railroads, and domestic services. Three-fourths of these counties had population declines. Where less than a third of all workers were in these industries, three-fourths of the counties grew in population.

Another trait linked with population change was the racial composition of an area. If blacks made up at least 40 percent of a county's residents, population was likely to decline regardless of whether a third or more of the workers were in agriculture, etc. The smaller volume and lower rate of outmigration from Southern nonmetropolitan areas in the sixties showed up almost entirely in the white population. The white population increased nearly 9 percent and had a net outmigration of only about 123,000 people, or just .6 (six-tenths) percent. (9)

The Changing System Of Land Records

With a population on the move as it is in the U.S., the system of land records couldn't be expected to remain static.

Today, in a few urban areas, the clerk's or recorder's office—sometimes called the registrar of deeds—has gone electronic, with television screen images of land records replacing the cumbersome books researchers used to pore through for title information.

But on a wider basis, there are movements underway to create a unified, compatible system of land records in the U.S.

One of the key points in such a system is an index by tract of land in addition to the traditional recording in the names of the grantor and grantee.

About one in three offices now use some type of tract index, according to a 1971 survey by the Census Bureau in which ERS took part. But these tract indexes are not effectively employed to reduce the time in title search.

The Census survey of some 3,600 registrars of deeds, recorders, and clerks was designed to provide national estimates on key items such as recording method, use of tract index, and number of employees. Census wanted to know the content and structure of land records so it could improve the quality and reduce costs of collecting land information.

From the survey, jurisdictions can now compare their procedures with other areas and examine the status of land records nationally.

Among current proposals to promote efficiencies—and to reduce costs to public and private sectors—in the keeping of public land records required for public notice are:

—A parcel identifier—this would give each parcel of land its own number, probably based on a geographic code, that would distinguish it from all other parcels in the Nation. Several national standards for parcel identifiers have been proposed, and a uniform system would help in setting up tract indexes.

—Marketable title legislation—this puts a limit on how far back titles have to be searched in order to obtain a clear title. About 14 States now have such legislation, and the cutoff times range from 30 to 60 years.

—Legislation allowing microfilm to be considered legal land records. In one county in North Carolina, for instance, the recorder estimates that microfilm records would reduce record space requirements by 95 percent.

—Electronic equipment—this affords immediate recording of land transactions and related information into public records, economical storage of records, rapid retrieval, and the matching of information for a variety of purposes such as planning, taxing, and administration. (11)

Arkansas: State on the Go In Outdoor Recreation

Arkansas has what it takes, but can it keep it?

Those scenic valleys and streams, the pine and hardwood forests, the large lakes that attract tourists—will they still be enjoyable when millions more visitors come?

A new ERS study suggests that now's the time to start planning for good roads to recreation areas, for a smooth inflow and outflow of people and cars, for enough restaurants, motels, and service stations, for shopping centers of recreation and other facilities rather than long strips of roadside businesses.

Without careful planning, the scenic area could become an eyesore. Needed facilities could be lacking, and tourists might go elsewhere, the report warns.

Right now, the tourist business is playing a bigger and bigger role in the State's economy.

Much credit goes to large public investments in multi-purpose dams and reservoirs since 1950.

The five largest reservoirs had more than 16 million visitors in 1970, nearly twice as many as in 1966.

To make the most of the State's natural resources for outdoor recreation, the study says that better architectural and environmental planning is needed for recreational facilities.

It recommends:

*A rural design center—staffed by architects—to advise businessmen on structural design and overall environmental planning.

*An outdoor recreation committee—made up of delegates from the State's eight Planning and Development Districts—to identify and help remove current bottlenecks to recreation expansion, such as poor access roads.

Among the results of greater outdoor recreation development in the State would be the creation of jobs (especially for older persons), increased demand for local handicrafts

and farm products, and the beginning of a base to attract industrial firms. The report points out that Florida developed a recreation-oriented permanent service sector that later brought employment opportunities in manufacturing and agriculture. (10)

Poverty Wears Many Faces in Rural Ozarks

Because of advanced age, lack of education, and physical handicaps, residents of the rural Ozarks find it especially hard to break the shackles that bind many of them to poverty.

Of 1,413 household heads interviewed, 439 suffered either a total or partial disability. Nearly one-fourth said they were permanently disabled. Among the disabled, 40 percent were considered to be in poverty.

The average age of all household heads was 55. More than half the disabled household heads were over 65 years old and most of these were males.

Annual earnings for 7 of 10 households were less than \$2,000. Operators or professional workers earned \$5,000 or more, although only 15 percent of the men and 3 percent of the women were in this category. Nearly 45 percent of those who had jobs were farmers.

Few disabled household heads had completed high school (only one in nine) and low incomes were directly related to years of schooling. Eight in 10 disabled household heads with a grade school education or less were living in poverty; high school graduates earned from \$3,000-\$5,000 annually; and none with college degrees found themselves in poverty situations.

Over 80 percent of male household heads, and 90 percent of the women visited a doctor or clinic during 1965, the year prior to the survey. Medical expenses ran high. Four of 10 reported medical bills of from \$100-\$500. Most had medical insurance, but some relied on public agencies, friends, or relatives to pay the bill. (14)

Food Processing Sector Perks Up Rural Economy

For a million-dollar investment, what industry would pay off the most in a rural State in terms of new jobs and added income?

An ERS economist in Oklahoma put the industries in his State to the million-dollar test, and found agricultural processing passed with flying colors.

The "test" spans the years 1970 through 1980, and both short-range and long-range benefits were determined.

Each industrial sector was "given" a 1 million dollar capital investment from private industry, and a general simulation model was formulated.

Over the long range of 10 years, agricultural processing had the largest direct, indirect and induced effect on new employment. Nearly 500 jobs were created. Construction, wholesale and retail trade, and services followed. New jobs created ranged from 359 to 288.

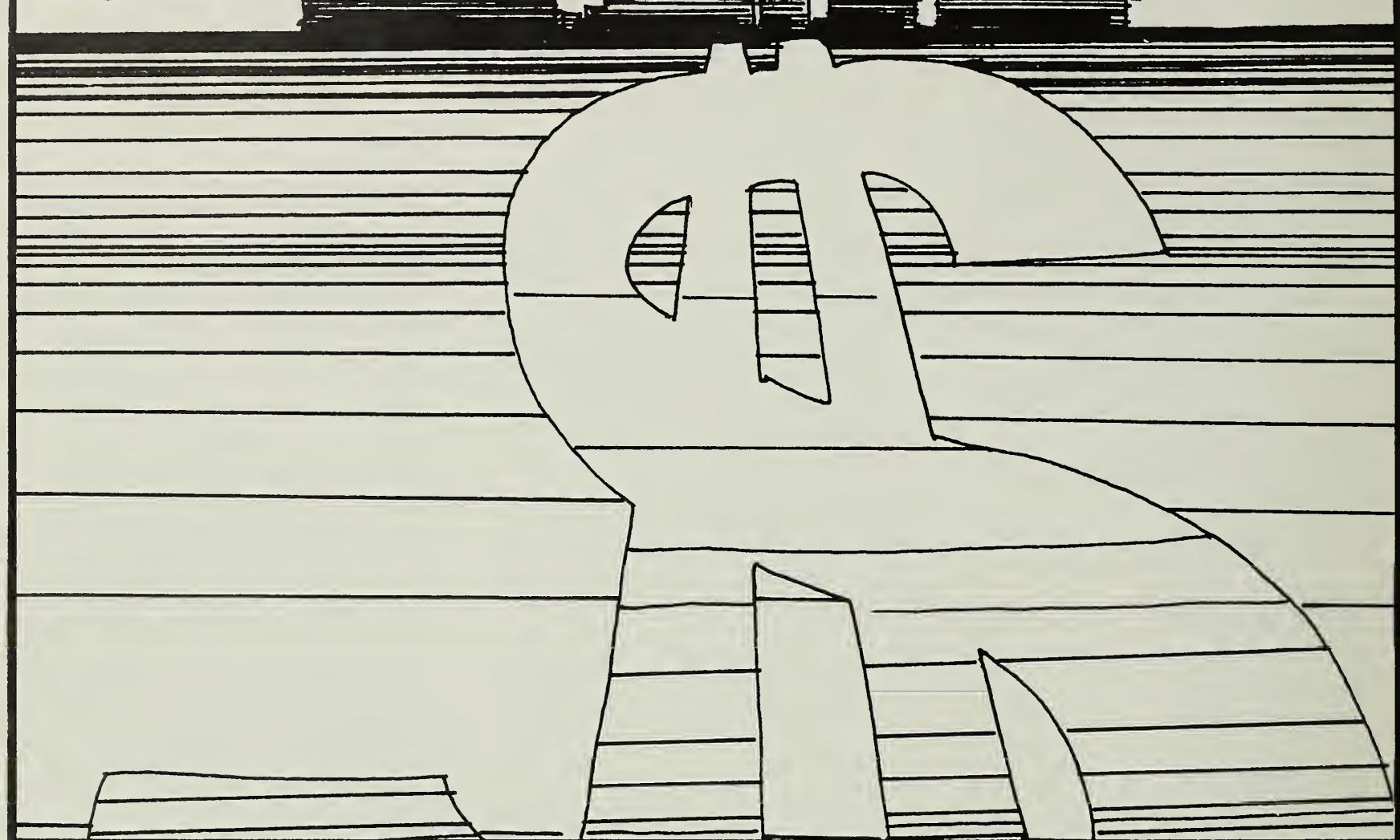
Agricultural processing also had the lowest investment cost per 100 new jobs, about \$205,000, both in the short run (1-2 years) and long run.

Other studies have shown that food processing is among the leading industries that have contributed to employment growth in rural areas since the 1940's.

Projections are that from 1968 to 1980, nearly 105,000 new jobs will be created in the agricultural processing sector in the U.S. If the trend continues for agricultural processing industries to locate in rural areas, it could have major impact on employment opportunities there.

In predominately rural Oklahoma, agricultural processing employment is expected to increase by 1,417 man-years during the 1968-80 period. If Oklahoma would increase its share of U.S. agricultural processing employment by 10 percent, employment in the State would grow by an additional 4,702 man-years in the short run and 5,524 man-years in the long run. (12)

PRICE SPREADS: WHAT THEY COVER



Grouped under the farm-retail spread are charges for transportation and labor, rent, fuel, containers—in short, all the costs to move food from farm gate to grocery checkout counter.

As a rule, consumers don't sit around and discuss farm-retail price spreads. But they do talk quite a bit about rising food costs. And, over the past 2 years, widening farm-retail spreads (difference between farm prices and retail prices) accounted for nearly all the increase in retail food costs.

In recent years, the spread, or marketing margin, has taken roughly 60¢ of every dollar spent in retail food stores.

ERS regularly publishes data on

marketing spreads as part of its market basket statistics, which measure changes in the cost of marketing domestic farm foods. The market basket contains average quantities of U.S. farm foods purchased annually per household for preparation at home.

Retail cost and farm value of the market basket are estimated monthly from a sample of 65 foods. During the last quarter of 1971, retail cost of the market basket—on an annual basis—averaged \$1,254. Since gross returns to farmers averaged \$484, the farm-retail spread was \$770.

For all of '71, the marketing margin widened 2.7 percent, reflecting a general increase in operating costs of food marketing firms. In 1970, the farm-retail spread swelled 7.4 per-

cent—the biggest year-to-year increase since 1951. Except for 1960 and 1965, marketing spreads have widened every year for the past 2 decades.

All changes over time in the farm-retail spread reflect developments in the costs of processing and distributing. The spread represents an accumulation of charges incurred by all marketing agents who move agricultural products from farm gate to grocery checkout counter. It includes all the costs and taxes of these marketing firms, and their profits.

Labor costs make up nearly half the farm-retail spread. Hourly earnings of employees in food marketing firms have advanced steadily since 1947, at roughly the same rate for

similar types of employment not related to agriculture. Last year, food marketing employees earned an average \$3.23 per hour—more than triple the 1947 figure.

Fringe benefits per hour worked grew faster than earnings. Typical benefits are employer contributions to social security, private pension funds, and compensation for employee injuries. In food manufacturing and the wholesale-retail trade, these fringe benefits—as a percentage of total wages and salaries—more than doubled between the late 1940's and the late 1960's.

During the past 2 decades, rising levels of output per man-hour—about 3 percent annually in food manufacturing, and 3.3 percent in wholesaling-retailing—have kept labor costs per unit of marketed farm product from mounting at the same rate as hourly labor costs.

Higher output per man-hour resulted partly from upgrading the quality of management and labor through on-the-job training, education, and improved health services.

More importantly, productivity grew in direct response to technological advances and economies of scale. Modern food manufacturing plants make extensive use of assembly line techniques, continuous processing, electronic control devices, and automated processing. Other innovations, such as improved plant layouts, have spurred efficiency and substantially reduced man-hours per unit of output.

Even so, gains in productivity failed to match increases in wages and fringe benefits. As a result, labor costs per unit of farm marketing jumped 76 percent from 1947-49 to 1970.

Compared with labor, transportation costs form a smaller component of the farm-retail spread. Freight charges vary widely among products, depending on perishability, distance hauled, and bulk. For example, shipping charges may make up some 20 percent of the marketing spread for fresh fruits and vegetables, compared with only 6 or 7 percent for

processed dairy products.

Despite wide product-to-product variations, transportation costs for all farm products have maintained a steady share—8-10 percent—of the farm-retail spread for the past quarter-century. The combined rate for all farm products moving by rail, although only 3 percent higher in 1970 than in the late 1950's, has risen sharply in recent years.

Commodities shipped by truck or barge are not subject to regulation by the Interstate Commerce Commission. Thus, data on rates aren't regularly available. It's assumed, however, that the freight charges of trucks and barges are competitive with rail rates and follow the same trends.

Besides labor and transportation costs, farm products accumulate a variety of other charges as they travel the marketing chain. These are charges to processors, assemblers, wholesalers, retailers, and other marketing agents for intermediate goods and services.

Most intermediate goods and services are provided by businesses not directly engaged in food marketing. Typical goods and services are packaging materials, fuel, power, light, telephones, auto repairs, and office supplies. Together, these inputs make up nearly a fourth of the bill for marketing farm foods.

Farm-retail margins widen when increases in prices for intermediate goods and services aren't matched by gains in productivity. Prices for intermediate goods and services—excluding raw materials and labor—have edged up steadily since World War II.

In 1969-70, price hikes for goods and services were unusually large. Prices for services—rents, property insurance and maintenance, telephone, etc.—generally outpaced those for goods.

Interest rates and prices of new machinery and equipment also corner a share of the farm-retail spread. Mounting interest rates helped drive up food marketing costs

(Please turn page)

Spreadables

Since World War II, retail prices, farm values, and farm-retail spreads for fresh fruits and vegetables expanded more than any other product group. Generally, marketing spreads for fresh produce vary directly with farm values.

Extensive growth in farm values of fresh fruits and vegetables stems partly from slower gains in productivity relative to other farm products. From 1950-70, output per man-hour in fruit and nut production moved up 72 percent; in vegetable production, 82 percent. Meantime, output per man-hour in all farm production advanced 223 percent.

Farm-retail spreads for all meat products have gone up steadily since 1947. For Choice beef, the marketing spread widened 98 percent by 1970, or 18.4 cents per pound. The expansion reflects rising wage rates, rents, prices of equipment, and costs of expanded services, such as trimming of retail cuts. The marketing spread for pork widened almost 19 cents per pound over the same period.

The wide farm-retail spread for bakery and cereal products evolves mainly from extensive processing of most goods in this category. Also, gains in productivity have been slight compared with those of other food manufacturers.

Conversely, economies of scale, automation, and other gains in marketing efficiency caused the farm-retail spread for broilers to narrow during the 1950's. More recently, gains in efficiency have helped restrain widening of the margin for broilers relative to those for other commodities.

Fats and oils rank lowest in retail cost of any group in the market basket. The marketing spread for the fats and oils group averaged 9 percent wider in 1970 than in 1957-59. For peanut butter, the spread widened less in the 1960's than in the 1950's. And the margin for vegetable shortening, unlike that for margarine, was lower last year than in 1957-59.

Fluctuations in the fats and oils spread have been fairly large in some years, and have included both increases and decreases.

in the late 1960's. Rates on high-grade, long-term bonds averaged 7.1 percent during 1968-70 (8 percent in 1970) compared with 4.2 percent a decade earlier. Rates on short-term bank loans followed similar trends.

Prices of new plants and equipment also advanced rapidly in the late 1960's. Moreover, higher prices for these inputs are reflected later in growing depreciation charges.

The final component of the farm-retail spread, profits of food-marketing corporations, shows more year-to-year fluctuation than marketing spreads or prices of intermediate goods and services.

Profit rates of food manufacturing corporations inched up after 1963. As a share of sales, profits to food processors ranged from a low of 2.1 percent in 1957-58 to 2.6 percent in 1965. Profit in 1970 was 2.8 percent of sales.

On the retail side, fifteen leading food chains reported after-tax profits averaging 1 percent of sales in 1970—from 1.3 percent in 1960. (15)

Apple Industry Thrives on Change

Those at the core of the apple marketing system say that more consumers will be picking their own apples this year—especially from orchards located close to large cities.

The pick-your-own operation proves profitable for many small and medium-sized growers and could provide a practical solution to the growing shortage of harvest labor.

Larger growers, meantime, will be relying more on mechanical apple pickers.

Regardless of how they fall from the tree, apples will be in greater abundance in coming years, and they'll be going into a greater variety of processed apple products.

The Nation's 1971 apple crop, at 6.1 billion pounds, was 3 percent smaller than the previous season's and 9 percent below the large 1969 crop. But in the years ahead output is expected to trend upward in the three primary producing areas.

The Western area, with Washington the perennial leader in U.S. production, is expected to make the biggest gains. Washington's expansion will follow from increased plantings of the improved dwarf and semi-dwarf varieties.

Increased use of technology by growers is also expected to boost production. Better cultural practices, introduction of some new varieties, installation of more heating systems, and better methods of thinning and supplemental irrigation are expected to push yields per acre to higher levels.

In addition to improved grading and packaging facilities, new technology will be sweeping the processing field. Several innovations now in development include dried flakes for instant applesauce, jelled applesauce, fresh packed apple slices for pies, and new ways to evaluate apple flavors.

Developments like these will help the industry capitalize on a growing consumer preference for processed apple products.

Per capita consumption of processed apples jumped from 6 pounds in 1950 to 11 pounds in 1970, whereas per capita use of fresh apples fell 5 pounds to 18 pounds. (17)

Lettuce Marketing Gets High Efficiency Rating

What makes lettuce prices?

In the case of winter lettuce, prices consumers pay start with f.o.b. prices in California and Arizona, the States which provide over 90 percent of our total supply of winter lettuce.

To the f.o.b. prices are added the going charges for transportation, storage and handling, etc., to arrive at the wholesale price in the consuming center.

But this formula works only when the marketing system is efficient.

ERS checked out the efficiency of marketing winter lettuce as part of a larger study on pricing performance in marketing fresh winter vegetables. The commodities of particular

interest are those whose prices bounce up and down over relatively short periods of time. Specifically, ERS wanted to know if prices at the wholesale terminal markets accurately reflect costs in the marketing pipeline.

Results of the lettuce analysis showed a close correlation between the California-Arizona lettuce prices and those at the wholesale terminal markets. Differences between the shipping-point prices and at the various markets were consistent with the cost of transportation, handling, storage, and risk taking in moving the produce.

In general, any price lag between the production and consuming centers was explained by the time required for transportation. A price change in California-Arizona was reflected on the East Coast roughly 1 week later—the standard traveling time for a freight train.

Based on the physical flow of produce and on buying practices, it's possible to predict terminal prices. In Chicago, for example, weekly winter lettuce prices in 1966-68 could be predicted by adding \$1.34 per carton (size 24) to the result of 1.02 times the shipping-point price in California-Arizona. Similar relationships held for most other consuming centers.

Moreover, weekly lettuce prices at the shipping points in January-March were found to be closely related to the supply of produce available. Eighty percent of the weekly variation in price was traced to the volume of current shipments, the previous week's average high temperature, the amount of total rainfall in November and December, and the ratio of the average shipments from California-Arizona the previous 2 weeks to the shipments of the current week.

The ERS report concluded that overall the marketing system for winter lettuce performs efficiently. The system establishes prices that will clear the supply of highly perishable produce each day and week of the marketing season. (16)

With the aid of other homemakers, hard-to-reach poor families are learning the ABC's of good eating in the Expanded Food and Nutrition Education Program. Here, ERS reports on program results.

In most cases they themselves are low-income homemakers but they've been trained by professional home economists to teach nutrition.

They mostly live in the same neighborhoods as the people they serve.

They go by the name of "Extension program aides," and their business is to help upgrade the diets of America's poor.

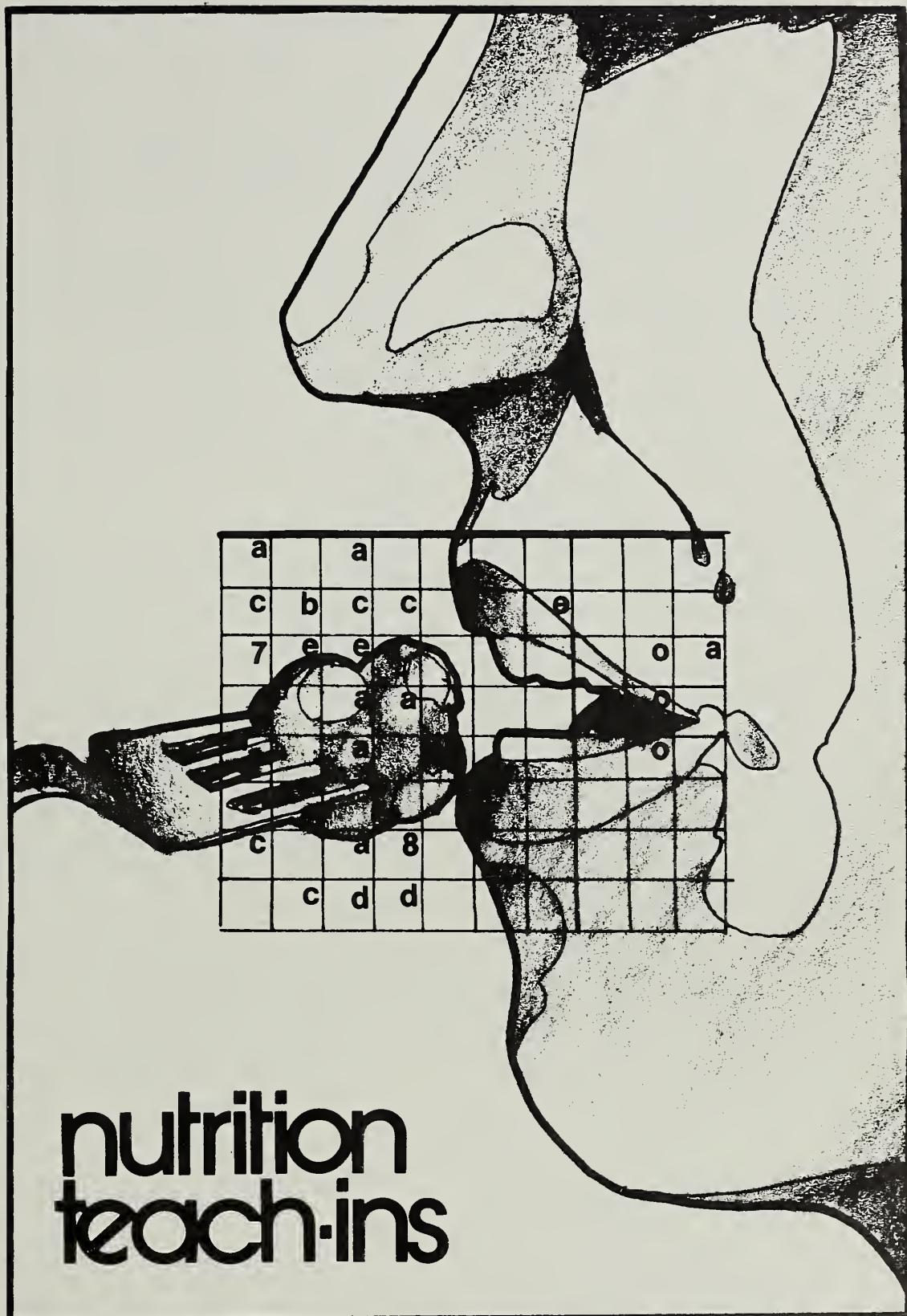
As of late 1971, some 19,000 aides had given instruction to more than 600,000 families. The effort is part of the Expanded Food and Nutrition Education Program, authorized by USDA's Extension Service in late 1968. The program is specially designed for the hard-to-reach low-income households.

Studies have shown that many people, particularly those with low incomes, don't get the right foods in the proper amounts. Though not the only reason, lack of knowledge about the basics of good nutrition has a lot to do with these dietary deficiencies.

The program aides make personal calls on the homemakers. Among other things, the aides are interested in finding out what consumption practices are being followed in low-income households. For example, a homemaker will be asked what she ate during the past 24 hours . . . and what food and drink she thinks people should have to keep healthy.

Having identified nutrition problems in need of attention, the aides then work to remedy them. They not only teach the fundamentals of good nutrition, but also food buying and meal planning, sanitation practices, and how to store, prepare, and serve wholesome foods.

Ever since it got going, the Expanded Food and Nutrition Education Program has been closely monitored to measure changes in the food consumption of families enrolled.



A comprehensive evaluation of the program's achievements during the first 6 months of operation was recently compiled by ERS working with the Cooperative State Extension Services.

The basic tool to evaluate eating habits is the "24-hour recall," or a homemaker's recollection of foods eaten during a 24-hour period. The food readings are taken when the

homemaker enters the program, and every 6 months thereafter.

Each time a food item is eaten it counts as a serving. The number of servings in each of the major food groups is compared to the number suggested in a "serving guide" based on USDA's Daily Food Guide. Specifically, it recommends: *meat group*, two or more servings; *milk group*, two or more; *fruit and vegetable*

group, four or more; and bread and cereals, four or more.

BEFORE. On entering the program, over nine-tenths of the 10,500 homemakers in the sample reported fewer servings than specified in the serving guide for at least one food group. Diets were most deficient in foods from the milk and fruit/vegetable groups.

Homemakers with more education, higher family income, and higher food expenditures generally had better diets. Also, homemakers of farm families—though they reported lower income and food expenditures—reported better consumption practices than the homemakers not living on farms. Food habits of the families not on welfare were found to be slightly superior to the group getting welfare.

AFTER. Six months later, substantial improvement was noted both in food consumption practices and in knowledge of good nutrition. Homemakers who named foods in each of the four food groups as necessary for health increased from 52 percent at the start of the program to nearly 70 percent 6 months after.

Homemakers who ate at least the minimum number of recommended servings in each food group increased from 4 percent to 11 percent. Those with at least one serving in each food group rose from less than 60 percent to more than 70 percent of the sample.

Greatest progress was in higher use of fruits and vegetables—the food group most deficient in the diet. Least progress was in the meat group—the least deficient.

In general, families who had the poorest consumption practices at the start of the program showed the most improvement after the first half year.

Homemakers in all income classes made progress, but often those with lower incomes achieved higher gains over initial levels.

The program aides visited some homemakers more than others, and there was a direct relationship between intensity of instruction and improvement in diets. This particularly applied to the milk and fruit/vegetable groups, the ones most lacking in diets when the program began. (18)

Target Families

The families in the Extension Service's Expanded Food and Nutrition Education Program—who are they?

A sampling of the early enrollees found that at least nine-tenths of them were in the lowest U.S. income quartile. Their annual incomes averaged less than \$2,700.

Food spending per family (4.8 members) averaged \$76 per month, not including the value of bonus food stamps, foods from gardens, donated foods, and foods received as gifts.

The \$76 represents only two-thirds the estimated cost of USDA's economy food plan. Yet as a proportion of family incomes, food expenditures took a big chunk—more than a third on the average and in some cases as much as half.

Around a third of the families were on welfare. More than a third were participating in one of USDA's food assistance programs, either Food Stamp or donated foods.

Two-thirds of the families were from minority groups.

By place of residence, most (60 percent) lived in urban areas, 30 percent in rural nonfarm dwellings, and the remaining 10 percent lived on farms.

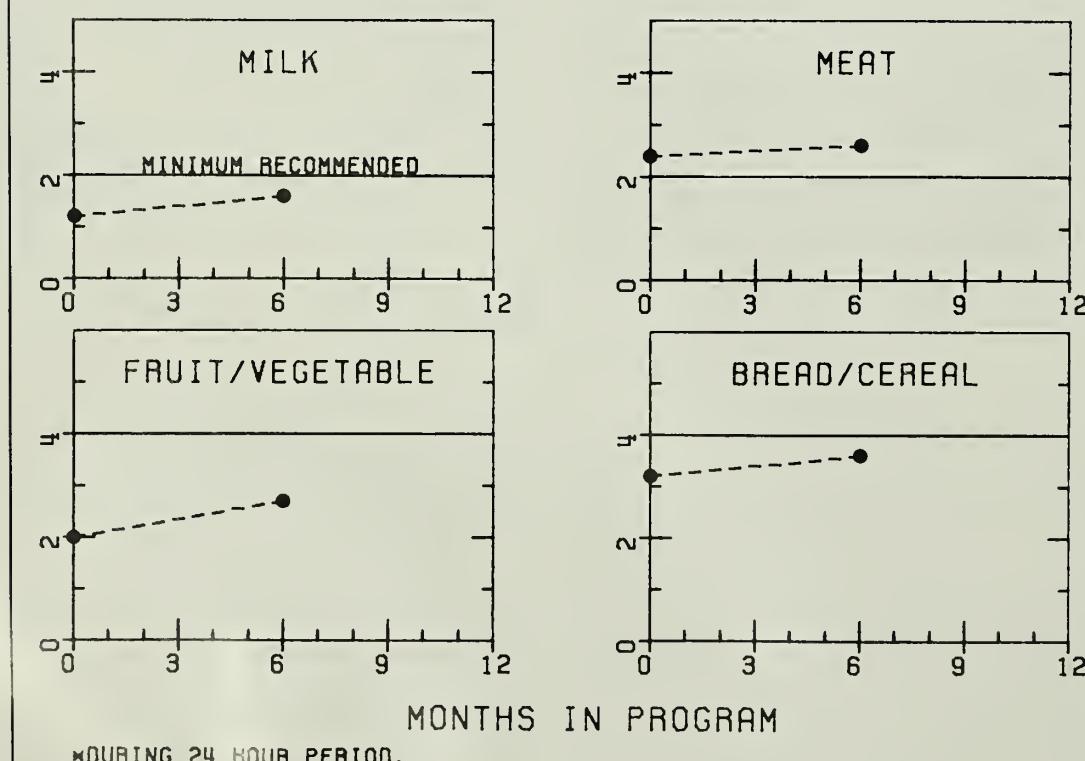
Markets Mixed For Corn Sweeteners

Though per capita consumption of corn sirup advanced half a pound to 16.6 pounds last year, use of corn sugar (dextrose) inched up only a tenth of a pound to 5 pounds per person.

Mounting corn sirup consumption may in part mirror the first commercial sales of extra-sweet (42-percent levulose) corn sirup in 1971 by two U.S. producers.

Wholesale corn sirup prices, which rose sharply in 1970 in response to high corn prices after 1970's small corn crop, retreated in late 1971, as the record 5.5 billion bushel crop neared harvest. Early this year, corn sirup prices stayed well below those in either 1969 or 1970.

FAMILIES' SERVINGS BY FOOD GROUP
ON ENTERING THE PROGRAM AND 6 MONTHS LATER



To liven the sluggish demand for dextrose, one major U.S. supplier instituted a new pricing policy. Dextrose was previously priced at 79 percent of sugar prices in the same area. The new price schedule—effective last Jan. 1—makes dextrose available to all users east of the Rockies for 9.20¢ per pound delivered in 600-bag car lots on a flat rate basis. Prices steepen west of the Rockies to 9.35¢. (22)

California's Dates Fit for a King

Sometimes called "the candy that grows on trees," dates may be man's oldest cultivated fruit.

The date palm, believed to be native to the Persian Gulf area of southwestern Asia, can trace its ancestry to the early Babylonians of almost 5,000 years ago.

There are over 1,000 known varieties of date trees around the globe, but our own California product is considered among the world's finest. On tasting California dates, a one-time King of Iraq remarked: "We who have been growing dates for centuries have never tasted dates so fine."

Dates are grown commercially in the desert sections of southern California and Arizona. California's Coachella Valley is the heart of the U.S. date industry and provides about nine-tenths of the Nation's crop. The State's 1971 production of about 18,000 tons had a farm value of around \$3 million.

California's output decreased in the 1960's and about half of the dates used in this country are imported—mainly from Iraq (world's largest producer), Iran, and recently, Japan.

More than three-fourths of U.S. grown dates are the Deglet Noor, a black, thin skinned, meaty, and sweet variety.

In addition to the fruit, other products derived from the date palm tree outside the U.S. include house-building material, alcohol, and vinegar. (20)

Cigarette Use Outpaces Earlier Projections

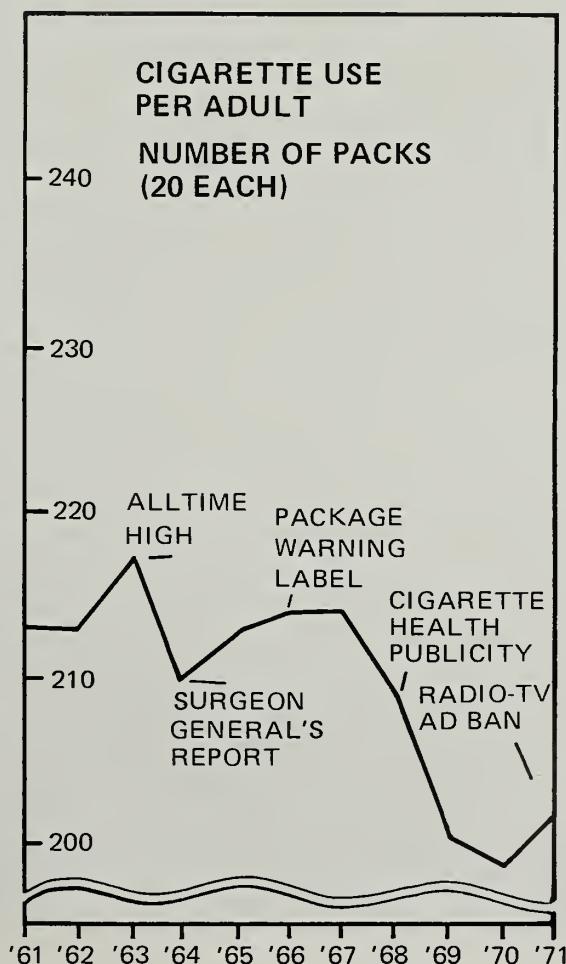
This time last year it looked as though cigarette use per person would be drifting down and down during the seventies. Now the economists are not so sure.

After 3 years of declines, usage has turned up slightly.

The per capita figure (smokers 18 years and over) dipped to around 198 packs in 1970, down from 214 packs in 1967. In 1971, though, cigarette consumption recovered to 203 packs, where it will probably remain in '72.

One explanation: though millions have quit smoking, new smokers in younger age groups have taken their place. Also, some of the initial impact of the publicity about cigarettes and health—at its height in the late 1960's—may have worn off.

The possibility of further steep drop-offs in per capita usage are still much in the picture, what with the steady hikes in cigarette prices and continued concern over smoking's effect on health.



Last year, ERS had projected a decline of around 50 packs by 1980; however, assumptions based on recent data show consumption may fall only slightly from the current level or even increase slightly depending on the health issue, prices, and the makeup of the population.

In 1962-71, the 18-24 age group grew the fastest. So, in the next 9 or 10 years the biggest gain will probably be in the 25-34 group. This group has a higher smoking rate than persons 18-24, and the prospective population shift could lift the overall smoking rate.

Based on an above-average population growth of persons 25-44—they have the highest smoking rate of all—per capita consumption would be 2 percent more in 1980 than in '71. (21)

Soy "Subs" for Meat Save on Food Budget

Stretching your food budget?

That's where soybean extenders come in.

They are already being used to cut costs by some institutions with fixed budgets.

Soy extenders are made from soybean meal, and, depending on the amount of processing, can take a variety of forms.

When ERS's Marketing Economics Division looked at substitute and synthetic foods' penetration into markets for various commodities, they found that for meat the most successful products this decade will likely be those that serve as extenders, or partial substitutes.

Extenders have long been accepted in cooking—for instance, oatmeal in meatloaf. Soy extenders not only are low in cost (usually less than half the price of meat), but can improve some processed meat items. Added to ground meat, they reduce cooking losses by absorbing the water and fat that cook out of meat. Used in moderate amounts, soy extenders don't appreciably change the meat's flavor. By 1980, soy extenders could replace 10-12 percent of the meat in processed items. (19).

25

MILLION
METRIC
TONS

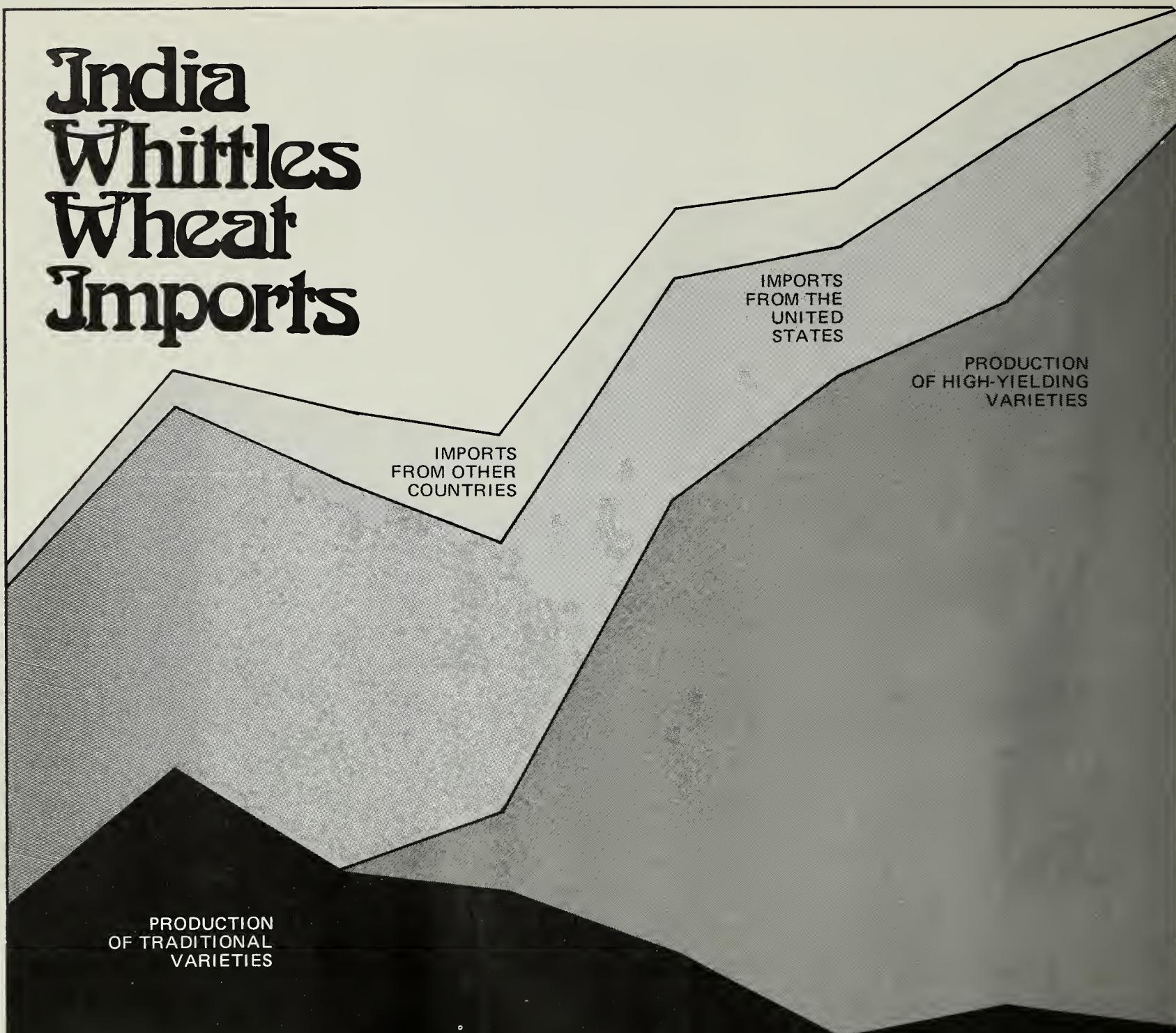
India Whittles Wheat Imports

20

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PRODUCTION
OF TRADITIONAL
VARIETIESIMPORTS
FROM OTHER
COUNTRIESIMPORTS
FROM THE
UNITED
STATESPRODUCTION
OF HIGH-YIELDING
VARIETIES

India, long one of the world's chief importers of wheat, is well on its way to self-sufficiency in this grain.

Back in the mid-sixties, India imported better than 40 percent of its total wheat supply—almost 85 percent of it from the U.S.

Last year, India imported less than a tenth of its total supply. This year, it will be importing

very little wheat. Only 100,000 to 200,000 metric tons will come from the U.S., all of it commercial sales as opposed to P.L. 480.

Meanwhile, domestic production has skyrocketed from 10 million metric tons in the mid-sixties to 23 million tons in 1971. This spring Indian farmers expect to harvest a record 24–25 million tons.

The phenomenal increase is a result of extensive use of high-yielding varieties, fertilizer, and improved production practices, brought about by high prices to farmers. (Minimum procurement prices set by the Indian government range between \$2.40 and \$2.94 per bushel, which compares with around \$1.85 received by U.S. wheat growers who participated

in the 1971 wheat program.)

To take a closer look at those high-yielding varieties, let's go back to the mid-1960's.

High-yielding varieties then accounted for a big zero in India's wheat production and acreage tables. They began to take off in 1966 and today account for nearly 70 percent of production. The 1966/67 output of high-yielding varieties was 1.3 million metric tons; the 1970/71 output was about 15.6 million; and the 1971/72 output could come close to 18 million tons. Area sown to high-yielding wheat has gone from 514,000 hectares in 1966/67 to about 8 million hectares in 1971/72 (1 hectare = roughly 2.5 acres).

Crosses between Mexican wheat varieties and those native to India have recently provided high-yielding varieties with excellent quality and the amber color preferred by the In-

dians, Sharbati-Sonora for one.

A new triple dwarf and rust resistant variety, Hira, has recently been released and is expected to enable farmers to boost their yields even higher than those currently obtained from the favorite Mexican strains.

The spread of new varieties from their original centers of introduction has been rapid the last 4 years. From Delhi, Ludhiana, and Pantnagar, they've spread quickly to irrigated land in many other areas of India. The new varieties can be grown further south than most traditional types.

Uttar Pradesh, in the Northeast, has led in the production of high-yielding wheat in recent years, although most of its additional production was used within the state. (23)

Grain Producers Advised To Keep Reins on Output

The world's granary would be bulging at the seams 10 years from now if the leading exporters were to stray too far from their present course of production management.

Based on prices prevailing in the mid-1960's, growth in unrestrained production would likely outstrip worldwide demand for grain by 1980. Prices would then drop.

In attempting to maintain their traditional market shares, all exporters would suffer reductions in export earnings from grains.

The impact of uncontrolled grain production and exports would especially cause problems for the less developed countries (LDC's), some of which are heavily counting on grain export earnings to finance economic development in the future.

These are among the findings of an ERS study to project the long-term demand for grain, with special emphasis on potential exports of the LDC's.

The overall demand prospects for the principal grains are seen fair for wheat, poor for rice, and good for coarse grains.

Wheat demand is forecast slug-

gish in the developed areas but strong in the LDC's if they can get wheat on concessional sales terms. LDC exporters, largely Argentina, might increase their market shares.

World import demand and prices for rice would weaken with continuation of the "Green Revolution" in the LDC's. The LDC's were the largest rice importers. With lower prices, export earnings would shrink in the traditional rice exporting countries of Southeast Asia.

The good demand prospects for coarse grains are centered in the developed areas, particularly Japan. However, imports by the LDC's could rise sharply given concessional trade terms and rapid expansion of their livestock industry.

On balance, the ERS projections imply:

—Improved nutritional levels (on a calorie basis) in the LDC's, since much of the higher grain output will be absorbed by the domestic market.

—Possible rapid increase in LDC demand for grain imports, always depending on their getting concessional terms of trade.

—Minimal benefits to the LDC's resulting from freer grain trade and removal of restrictions; reason is the developed exporters have the biggest share of the world market.

—Likelihood that the LDC's will find it hard to agree on trade policy, because lower world prices would benefit the importers but adversely affect the exporters. (25)

Tight Supply Crimps U.S. Cotton Exports

Despite sharply higher cotton production this season, world output will barely come up to the projected levels of usage. Thus with smaller beginning stocks, supplies are tight. U.S. cotton exporters, however, won't be able to take full advantage of the situation. Our cotton supplies are even tighter than those abroad.

Reduced supplies along with higher prices this year, are expected to result in U.S. shipments of around 3 million bales, down from 3 3/4 mil-

P.L. 480 Spotlight

South Korea will replace India this year as the biggest recipient of U.S. commodities shipped under the P.L. 480 program.

The value of U.S. agricultural exports to South Korea reached a record \$300 million in 1971, nearly 40 percent more than a year earlier. Roughly one-third moved under P.L. 480 and much of the remainder under short-term credit arrangements with the Commodity Credit Corporation.

The sharp increase in U.S. exports to South Korea between 1970 and 1971 makes that country the fastest growing major market for U.S. farm products in the Far East. Commodities showing the largest gains have been wheat, rice, feed grains, cotton, and tallow.

Because of its rapidly expanding economy and limited land area, South Korea is expected to become an increasingly important market. In 1971 the U.S. supplied over half of Korea's agricultural imports. Market development efforts by USDA in cooperation with industry are partly responsible for the uptrend in U.S. shipments. (24)

lion in 1970/71. In addition, there'll be some slippage in the U.S. market share. It may decline to about 17 percent of total world trade from 21 percent a year earlier.

USDA's Foreign Agricultural Service estimates world cotton production in 1971/72 will increase 7 percent to approximately 54 3/4 million bales. Most of the gain will be in the USSR, Brazil, and other areas of South America. Consumption will probably rise slightly to 54.6 million bales. Exports are expected to hover near last season's 17.7 million. (28)

U.S. Trade in Farm Products Record in '71

U.S. trade in agricultural products set a double-barreled record in 1971 as both exports and imports moved to new highs. This, despite setbacks from the dock strike and the uncertainties over the international monetary situation.

Exports advanced to \$7.7 billion, up 6 percent from \$7.3 billion in 1970. Increases were led by cotton, soybeans, soybean meal, inedible tallow, dairy products, meats, and hides and skins. These more than offset smaller exports of feed grains, rice, wheat, dried beans, and peas, poultry products, and tobacco.

All the gain in exports showed up in the first 6 months of 1971. In the last half of the year, the strike at West Coast ports reduced agricultural exports by an estimated \$95 million. Much of this trade loss is regarded as permanent. Japan, for example, bought wheat from Canada and Australia to replace grain normally gotten from the U.S. Northwest. Major importers of U.S. products likewise turned to other suppliers or temporarily reduced their consumption.

Dock strikes at East and Gulf ports most seriously affected shipments of grains and tobacco.

Demand for U.S. farm products was also dampened by a slowdown in business activity in the major markets—especially in the last half of the year—and by uncertainties on

the monetary front.

U.S. agricultural imports rose 1 percent to \$5.8 billion. Imports were spurred in part by higher domestic prices that tended to attract foreign goods to the U.S. market.

Most of the gain in imports consisted of products that compete with domestic production. With the largest value increases were beef, sugar, fruits, tobacco and wine. Imports were down for dairy products, eggs, pork, mutton, hides and skins, apparel wool, and copra.

With mixed performance in complementary or noncompetitive imports, value was almost unchanged from a year ago. Offsetting the value declines for bananas, cocoa products, cocoa beans, and rubber were gains in coffee, tea, most spices, and carpet wool. Cocoa bean and rubber volume gained, but prices were lower. Black pepper and cassia led the expansion in spice imports.

Besides the dock strikes, imports were restrained by the import surcharge, which applied to around 30 percent of U.S. agricultural imports, and by the appreciation of many foreign currencies. (27)

Livestock Production Up, Crops Down in USSR

The Soviet Union reports a high level of agricultural production for the second year in a row. Livestock production increased 3 percent but

was offset by decreases in crop production (except for cotton).

Both meat and egg production reached new peaks in 1971.

Meat production, over 13 million tons on a slaughter weight basis, was 800,000 tons above 1970's production. It also slightly exceeded the 1971 Agricultural Plan calling for 12.9 million tons.

Nearly 45 billion eggs were produced, topping both 1970's 40 billion and the 1971 goal of 41.5 billion.

Grain production, though less than 1970's 187 million tons, was still the second largest in Soviet history—181 million tons. (The USSR is the world's leading wheat producer.)

Milk production stayed about the same, 83 million tons. Potato production was down 5 percent, to 92 million tons. Vegetable production dropped slightly, to 20 million tons. All these fell short of the 1971 targets.

The improvement of livestock product output in both 1970 and 1971 is attributed to sharply increased production incentives, including higher prices for state purchases from all producers and bonuses for above-plan sales as well as for higher quality forage.

In addition, larger grain supplies on farms from the 1969 and 1970 crops raised both livestock inventories and output of livestock products. Hog and poultry numbers increased for the third successive year. (26)

USSR: PRODUCTION OF SELECTED AGRICULTURAL PRODUCTS

	1966-70 average	1970	1971	Percentage increase 1971 over 1970
Million metric tons				
Grain	167.5	186.8	181.0	-3
Cotton	6.1	6.9	7.1	+3
Sunflowerseeds	6.4	6.1	5.7	-7
Sugar beets	81.0	78.3	72.1	-8
Potatoes	94.8	96.8	92.3	-5
Meat (Slaughter weight)	11.6	12.3	13.1	+7
Milk	80.5	83.0	83.3	0
Eggs (Billions)	35.7	40.7	44.9	+10

¹ Calculated from Soviet official regional data.

Recent Publications

ECONOMIES OF SWEETENER MARKETING: AN ANNOTATED BIBLIOGRAPHY OF SELECTED REFERENCES. L. C. Larkin, Marketing Economics Division. ERS 474.

This bibliography is intended primarily for researchers and others interested in marketing aspects of the U.S. sweetener industry. It annotates marketing reports, books, and trade and periodical journals on sugar, corn sweeteners, maple products, and noncaloric sweeteners.

FARM REAL ESTATE TAXES: RECENT TRENDS AND DEVELOPMENTS. Thomas F. Hady, Economic Development Division. RET 11.

Taxes levied on farm real estate (land and buildings) by State and local governments increased 9 percent in 1970. These taxes, some payable in 1971, rose to \$2.5 billion in 1970. The rise in farm real estate taxes has been uninterrupted since 1942. Farm real estate taxes can be viewed in two different roles: as a production cost or as a tax levied on all property owners to pay for costs of local government services. Viewed both ways, this tax rose from 1969 to 1970.

FARM MORTGAGE DEBT. Forest G. Warren and Nan P. Mitchem, Farm Production Economics Division. FMD 10.

The U.S. farm mortgage debt on Jan. 1, 1972, totaled an estimated \$30.7 billion, compared with \$29.5 billion of a year earlier. The 4-percent rise in debt during 1971 was consistent with increases of 4 and 4.7 percent during 1970 and 1969 respectively. The rate of increase in the total debt has been declining since 1964. During 1967, the Federal land banks became the largest institutional holder of farm mortgage loans, and by Jan. 1, 1971, they held almost a fourth of the total debt.

ECONOMIC POTENTIAL FOR CONVERTING WOODLAND AND PASTURE TO CROPLAND: LOWER MISSISSIPPI VALLEY AND SOUTH-

The publications listed here are issued by the Economic Research Service and cooperatively by the State universities and colleges. Unless otherwise noted, reports listed here and under Sources are published by ERS. Single copies are available free from The Farm Index, OMS, U.S. Department of Agriculture, Washington, D.C. 20250. State publications (descriptions below include name of experiment station or university after title) may be obtained only by writing to the issuing agencies of the respective States.

EAST. Bob Davis, East Texas State University, formerly with Farm Production Economics Division. ERS 495.

In the lower Mississippi Valley and the Southeast, 49 million acres—37 million from woodland and 12 million from pasture—could profitably be converted to cropland at 1970 costs and product prices. With this new cropland, the quantity supplied of some crops would be drastically increased (especially rice and soybeans). The increase in cropland, however, could be much less than 49 million acres because of the price effects of additional crop production on new land development.

JORDAN'S AGRICULTURAL ECONOMY IN BRIEF. Michael E. Kurtzig, Foreign Regional Analysis Division. ERS-For. 326.

The economy of Jordan is beginning to show signs of recovery from the mid-1970 internal strife and the September civil war. Nevertheless, production of the main grains—wheat and barley—fluctuates widely, primarily because of weather. Wheat must be imported to meet domestic needs. Exports are mostly fresh fruits and vegetables. Development plans call for greater expansion of irrigation, use of new seed varieties, and improvements of farming methods.

SUPPLEMENT FOR 1971 TO STATISTICS ON COTTON AND RELATED DATA: 1930-67. Economic and Statistical Analysis Division. Stat. Bull. 417.

This bulletin is the fourth annual supplement to *Statistics on Cotton and Related Data*, Stat. Bull. 417, published in March 1968. This supplement contains data for the 1970/71 crop year, selected data for early months of the 1971/72 year, some revisions for earlier years, and historical data for the 1967-70 period.

THE ECONOMICS OF RETAINED OWNERSHIP OF CALVES ON EASTERN COLORADO CATTLE RANCHES. C. Kerry Gee and Jerry K. Pursley, Farm Production Economics Division, in cooperation with Colorado Agriculture Experiment Station, Colo. Agr. Expt. Sta. Bull. 551S.*

This bulletin analyzes the potential of increasing net income to eastern Colorado ranches through retained ownership programs for weaner calves. It indicates that for the ranch situation studied, a consistent program of fattening calves in a custom feedlot will result in an average increase in net income of about 39 percent. This can be done with a 1-percent increase in labor. But operating capital requirements increase by 169 percent.

AN ANALYSIS OF LABOR USE FOR ALTERNATIVE FLUE-CURED TOBACCO HARVESTING AND CURING SYSTEMS. Bob Davis and Loren A. Ihnen, Farm Production Economics Division, in cooperation with North Carolina Agricultural Experiment Station. Agr. Expt. Sta. ERR 16.*

The most profitable harvesting and curing system for flue-cured tobacco and the amount of farm labor required for various wage rates for hired labor were analyzed in this study. Labor use was estimated both for individual farms and for the study area.

FAMILY-SIZE FARMS IN U.S. AGRICULTURE. Radoje Nikolitch, Farm

Production Economics Division. ERS 499.

Family farms still dominate our farming economy, but the family farm of today is quite different from those of a generation ago. Statistics from this study indicate we still have a mixed agriculture containing a small but important base of large farms not of traditional family character; a still larger and viable set of farm businesses using mostly family labor, equipped with more capital and other resources than before; and a large number of small farms that produce little total product but contribute some income to the family operators.

PROSPECTS FOR U.S. AGRICULTURAL EXPORTS TO JAMAICA. Norris T. Pritchard and William P. Huth, Foreign Development and Trade Division, and Nick Havas,

Foreign Agricultural Service. FAER 56.

Special emphasis is placed on the agricultural, food marketing, and tourist sectors of the economy and the economic, social, and political forces affecting Jamaican imports of agricultural goods. The research includes observations of Jamaican farming and marketing operations acquired from a 1969 economic analysis of the growing Jamaican economy.

AGRICULTURE AND TRADE OF THE DOMINICAN REPUBLIC. Wilbur F. Buck, Economic Research Service. ERS-For. 330.

This study examines the agricultural economy and trade of the Dominican Republic and its key role as a major Caribbean trading partner of the U.S. Problems hindering greater economic progress are iden-

tified and government plans for diversification of agriculture are discussed. The report includes a section on outlook for the Republic's major agricultural import and export products.

WHEAT MILLFEEDS IN LIVESTOCK RATIONS: AN ECONOMIC ANALYSIS. Robert E. Enochian, Marketing Economics Division, and Donald D. Kuzmicky and George O. Kohler, Agricultural Research Service. AER 219.

This report is the result of a cooperative effort by scientists trained in economics, animal nutrition, and chemistry. It presents a comprehensive economic evaluation of wheat millfeeds in livestock rations and indicates the potential benefits of processing techniques that would improve the biological availability of naturally occurring nutrients in millfeeds.

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NOTE: unless otherwise indicated, authors are on the staff of the Economic Research Service (ERS) with their divisions designated as follows: Economic and Statistical Analysis Division (ESAD); Economic Development Division (EDD); Farm Production Economics Division (FPED); Foreign Development and Trade Division (FDTD); Foreign Regional Analysis Division (FRAD); Marketing Economics Division (MED); and Natural Resource Economics Division (NRED).

Economic Trends

Item	Unit or Base Period	1967	1971				1972
			Year	Jan.	Nov.	Dec.	
Prices:							
Prices received by farmers	1967=100	—	112	106	114	116	120
Crops	1967=100	—	108	102	108	109	111
Livestock and products	1967=100	—	116	110	119	121	126
Prices paid, interest, taxes and wage rates	1967=100	—	120	117	121	122	123
Family living items	1967=100	—	119	116	120	121	121
Production items	1967=100	—	115	112	117	117	118
Ratio ¹	1967=100	—	94	91	94	95	98
Wholesale prices, all commodities	1967=100	—	113.9	111.8	114.5	115.4	116.3
Industrial commodities	1967=100	—	114.0	112.2	114.9	115.3	115.9
Farm products	1967=100	—	112.9	108.9	112.2	115.8	117.8
Processed foods and feeds	1967=100	—	114.3	111.8	114.4	115.9	117.2
Consumer price index, all items	1967=100	—	121.3	119.2	122.6	123.1	123.2
Food	1967=100	—	118.4	115.5	119.0	120.3	120.3
Farm Food Market Basket: ²							
Retail cost	Dollars	1,081	1,244	1,208	1,248	1,268	1,275
Farm value	Dollars	419	477	453	484	491	512
Farm-retail spread	Dollars	662	767	755	764	777	763
Farmers' share of retail cost	Percent	39	38	37	39	39	40
Farm Income: ³							
Volume of farm marketings	1967	100	108	113	156	131	—
Cash receipts from farm marketings	Million dollars	42,693	51,633	4,187	5,978	5,075	4,700
Crops	Million dollars	18,434	21,875	1,878	3,475	2,586	2,100
Livestock and products	Million dollars	24,259	29,758	2,309	2,503	2,489	2,600
Realized gross income ⁴	Billion dollars	49.0	58.6	—	—	60.9	—
Farm production expenses ⁴	Billion dollars	34.8	42.9	—	—	43.6	—
Realized net income ⁴	Billion dollars	14.2	15.7	—	—	17.3	—
Agricultural Trade:							
Agricultural exports	Million dollars	—	7,695	671	629	842	770
Agricultural imports	Million dollars	—	5,826	507	298	540	576
Land Values:							
Average value per acre	1967 = 100	—	⁶ 205	⁷ 199	—	—	⁶ 205
Total value of farm real estate	Billion dollars	—	⁶ 221.1	⁷ 214	—	—	⁶ 221.1
Gross National Product: ⁴							
Consumption	Billion dollars	793.9	1,046.8	—	—	1,072.9	—
Investment	Billion dollars	492.1	662.1	—	—	677.2	—
Government expenditures	Billion dollars	116.6	151.6	—	—	157.0	—
Net exports	Billion dollars	180.1	233.0	—	—	240.8	—
Billion dollars	5.2	.0	—	—	—	-4.6	—
Income and Spending: ⁵							
Personal income, annual rate	Billion dollars	629.3	857.0	829.9	874.9	883.9	891.1
Total retail sales, monthly rate	Million dollars	26,151	34,050	32,290	35,574	34,638	—
Retail sales of food group, monthly rate	Million dollars	5,759	7,429	7,271	7,474	7,442	—
Employment and Wages: ⁵							
Total civilian employment	Millions	74.4	79.1	78.7	80.0	80.1	⁸ 80.6
Agricultural	Millions	3.8	3.4	3.4	3.4	3.4	⁸ 3.4
Rate of unemployment	Percent	3.8	5.9	6.0	6.0	6.0	5.9
Workweek in manufacturing	Hours	40.6	39.9	39.8	40.1	40.3	39.9
Hourly earnings in manufacturing, unadjusted	Dollars	2.83	3.57	3.50	3.69	3.69	3.70
Industrial Production: ⁵							
Manufacturers' Shipments and Inventories: ⁵							
Total shipments, monthly rate	Million dollars	46,458	57,892	55,718	59,061	59,074	—
Total inventories, book value end of month	Million dollars	84,563	100,549	100,878	100,793	100,549	—
Total new orders, monthly rate	Million dollars	46,707	57,716	57,255	59,576	59,408	—

¹ Ratio of index of prices received by farmers to index of prices paid, interest, taxes, and farm wage rates. ² Average annual quantities of farm food products purchased by urban wage-earner and clerical worker households (including those of single workers living alone) in 1959-61—estimated monthly. ³ Annual and quarterly data are on 50-State basis. ⁴ Annual rates seasonally adjusted fourth quarter. ⁵ Seasonally adjusted. ⁶ As of November 1, 1971. ⁷ As of March 1, 1971. ⁸ As of January 1, 1972. January 1972 data not strictly comparable

with prior data because of adjustment to 1972 Census data. Sources: U.S. Dept. of Agriculture (Farm Income Situation, Marketing and Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Developments); U.S. Dept. of Commerce (Current Industrial Reports, Business News Reports, Monthly Retail Trade Report and Survey of Current Business); and U.S. Dept. of Labor (The Labor Force and Wholesale Price Index).

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